TO: The Secretary of State  
The Secretary of Treasury  
The Secretary of Agriculture  
The Secretary of Commerce

SUBJECT: Next Steps with Respect to U.S.-Soviet Trading Relationships

The President has reviewed the report of the CIEP Ad Hoc Group on U.S.-Soviet trading relationships. Based on that report he has directed the following two actions:

1. The Department of State should take the lead, in cooperation with other interested agencies, in developing for the President's consideration recommendations for a USG position for the renewal of lend-lease negotiations with the USSR. In addition, it should explore with the USSR the timing and modalities of beginning such negotiations as soon as possible. This report should be submitted to the President by no later than February 28.

2. The Department of Agriculture, in cooperation with other interested agencies, should take the lead in developing for the President's consideration a position and negotiating scenario for handling the issue of grain sales to the USSR. This should include a recommendation on how the private transactions of US grain deals would be related to Government actions including the US opening a CCC credit line and a Soviet commitment to draw on it. In cooperation with the Department of State, Agriculture should explore with the USSR the timing and modalities of beginning such negotiations as soon as possible. This should be submitted to the President by no later than February 28.

Additional proposals in the report of the Ad Hoc Group are being considered.

[Signatures]

Peter G. Peterson
"Classified Military Information" Defined

Classified military information of the United States is information which (a) is under the control or jurisdiction of the Department of Defense, its departments or agencies, or is of primary interest to them; (b) may be embodied in written, oral or other form; and (c) requires protection in the interest of national defense and security in one of the three classification categories -- TOP SECRET, SECRET or CONFIDENTIAL -- as described in Executive Order 10501, as amended.

General Policy Objectives

It is the policy of the United States Government to treat classified military information as a national security asset which must be conserved and protected and which may be disclosed to foreign governments and international organizations only where there is a clearly defined advantage to the United States. Such disclosures must be consistent with United States foreign policy objectives and military security requirements, and limited to information necessary to the purpose of the disclosure. Disclosures will be contingent upon a determination that the recipient of the information will afford it substantially the same degree of security protection given to it by the United States. (This requirement may be set aside in exceptional cases authorized jointly by the Secretaries of State and Defense, or by their representatives specifically designated for this purpose, upon a finding that the advantage resulting to the United States from the proposed disclosure may be expected to outweigh the risk of the compromise of U. S. military secrets. Instances of such exceptions will be centrally recorded and included in annual reports to the National Security Council concerning the implementation of this policy statement.)

Nothing in this policy statement shall be construed to authorize the disclosure of classified U. S. military information contrary to: (a) provisions of Federal statutes, including the Atomic Energy Act of 1954 or international agreements thereunder; (b) proprietary rights of private firms or citizens, unless disclosure is authorized by relevant legislation; or (c) disclosure authority vested in the United States Intelligence Board structure and in the United States Communications Security Board. Nothing contained herein shall affect or modify authority or responsibility vested in the Secretaries of State and Defense, the Atomic Energy Commission, and the Director of Central
Intelligence (pursuant to Federal law, National Security Council Intelligence Directives, Executive Orders or other Presidential authorizations) to make specific determinations concerning disclosures of classified U. S. military information to foreign recipients.

Nothing herein shall be construed to authorize the disclosure of any naval nuclear propulsion information, classified or unclassified, except under an Agreement for Cooperation executed in accordance with Section 123 (d) of the Atomic Energy Act of 1954, as amended.

Implementing Responsibility

The Secretaries of State and Defense -- consulting as appropriate with the Chairman of the Atomic Energy Commission, the Director of Central Intelligence, and the heads of other departments and agencies -- are hereby assigned the responsibility for controlling the releases of U. S. classified military information in accordance with the provisions of this policy statement. This assignment of responsibility includes:

-- The establishment and management of such inter-agency mechanism and procedures as are required for the effective implementation of this policy;

-- The promulgation of specific disclosure criteria and limitations, definitions of terms, release arrangements and other guidance required by U. S. departments and agencies having occasion to release classified U. S. military information to foreign recipients;

-- The continuing review of pertinent intelligence information, and the conduct of periodic on-site surveys, for the purpose of determining the capability of particular foreign governments and international organizations to provide to classified U. S. military information the requisite degree of security protection; and

-- The submission to the National Security Council of an annual report covering the highlights of the program including (a) an assessment of the effectiveness of the program in meeting the
general policy objectives and implementing responsibilities set forth in this policy statement; (b) information concerning any security compromises or other noteworthy problems encountered, and remedial actions taken; and (c) the circumstances of any exceptional instances wherein disclosures of classified military information were made to foreign recipients not known to possess the capability to afford the information protection substantially equal to that provided it by the United States.

This assignment of implementing responsibility jointly to the Secretaries of State and Defense does not preclude continuation of their existing agreement that a representative of the Secretary of Defense provide executive direction and chairmanship of the interdepartmental committee utilized in the implementation of previous national policy on the subject.

Henry A. Kissinger